



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

m/047/013

IN REPLY REFER TO

SEP 09 1999

3150
(UT-932)

NOTICE

Ziegler Chemical & Minerals Corporation : U.S. v. SITLA, Civil Case No. 2:97CV0885B
100 Jericho Quadrangle : Gilsonite Lease UTU-76312
Jericho, New York 11753 :

Former State Mineral Lease ML-20776 (Federal Lease UTU-78404)
Federal Lease UTU-76312 Modified

On August 1, 1997, our office issued gilsonite lease UTU-76312 for the following described lands in Uintah County Utah:

T. 9 S., R. 24 E., SLM, Utah
Sec. 15, SWSW.
40.00 Acres

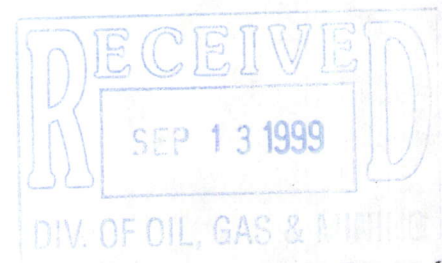
PLANT & LB-8A SITE

This notice is to advise you that the United States of America ("BLM") and the State of Utah, School and Institutional Trust Lands Administration ("SITLA") recently settled a lawsuit relating to the ownership of lands exchanged in 1983 as part of an exchange known as the Syntana Exchange.

On October 21, 1998, ownership of the surface and gilsonite estate covered under State Lease ML-20776, transferred to the jurisdiction of the Bureau of Land Management (BLM). The BLM has succeeded the State of Utah as lessor. The terms and conditions of your lease will remain the same. You are authorized to continue operating based upon your current approval from SITLA and Division of Oil, Gas and Mining (DOGM).

Lease ML-20776 issued on June 10, 1974, and was subsequently readjusted on January 10, 1995, for an additional ten year term. The annual rental/minimum royalty rate is \$84.00 per acre or a fractional part thereof, for the readjusted term of the lease. Utah State Mineral Lease No. ML-20776, containing 12.5 acres of land in Uintah County, has now been assigned **Federal Lease Serial No. UTU-78404.**

As a result of the Settlement Agreement, Federal lease UTU-76312 has been modified to exclude the overlapping acreage covered under Federal Lease UTU-78404. Federal leases UTU-76312 and UTU-78404 are now described and will be administered as follows:



UTU-76312, Fringe Lease

T. 9 S., R. 24 E., SLM, Utah
Sec. 15, N2SWSW, N2SESWSW, SESESWSW.
Containing 27.5 Acres

Annual Rental: \$.50 per acre
Anniversary Date: August 1, 2000
Total Amount Due: \$14.00

UTU-78404, Exchange Lease

T. 9 S., R. 24 E., SLM, Utah
Sec. 15, SWSWSW, SWSESWSW.
Containing 12.5 Acres

Annual Rental: \$84.00 per acre
Anniversary Date: January 1, 2000
Total Amount Due: \$1,050.00

Future payments must be paid to the Minerals Management Service, Royalty Valuation Division, Solid Minerals Staff, P. O. Box 25165, MS-3153, Denver, Colorado 80225-0165 or your lease may be subject to cancellation.

Bonding will be covered under Statewide Surety Bond No. 105812 (BLM Bond No. UT1033) in the amount of \$132,000, which shall be amended to include lease UTU-78404 acquired as part of the Settlement Agreement in U.S. v. SITLA, Civil Case No. 2:97CV0885B.

The rental collected for the 1997, 1998, and 1999 lease years on Federal lease UTU-76312 now results in an overpayment of \$58.00. Excess rental will be applied to future rentals unless a refund is specifically requested in writing by the lessee.

If you have any questions regarding this notice, please call Connie Seare at (801)539-4111 or Robert Lopez at (801)539-4103.

/s/ ROBERT LOPEZ

Robert Lopez
Chief, Branch of
Minerals Adjudication

cc: Minerals Management Service w/settlement agreement
bc: Vernal Field Office (Attn: Pete Sokolosky)
Division of Oil, Gas and Mining (Attn: Tony Gallegos)
C.Seare:cs (09/08/99)